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TO SECSTATE WASHDC 5756
INFO AMEMBASSY BANGKOK
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CONFIDENTIAL JAKARTA 9553

E.O. 11652: GDS

USLO PEKING

TAGS: PFOR, PDIP, ID, VN

SUBJECT: VIETNAM DELEGATION VISITS INDONESIA

REF: JAKARTA 9383

1. SUMMARY: VIETNAMESE DELEGATION LED BY DEPUTY FONMIN PHAN HIEN HELD MEETINGS WITH SEVERAL GOI MINISTERS AND EXPRESSED INTEREST IN EXCHANGE OF TECHNICAL COOPERATION AND INCREASED TRADE. THEY VISITED INDUSTRIAL PROJECTS IN SOUTH SUMATRA, AND CALLED ON PRESIDENT SUHARTO PRIOR TO DEPARTURE. IN DEPARTURE STATEMENT PHAN HIEN SAID ASEAN WAS TRULY NEUTRAL, VIETNAM DID NOT EXPORT REVOLUTION, AND TALKS WITH GOI HAD BEEN FRUITFUL FOR FUTURE COOPERATION. VISIT RECEIVED WIDE PRESS COVERAGE, AND EDITORIALS GENERALLY APPROVED CLOSER RELATIONS WITH VIETNAM. END SUMMARY.

2. FOLLOWING INITIAL TALKS WITH FONMIN MALIK (REFTEL), VIETNAM DEPUTY FONMIN PHAN HIEN AND PARTY CALLED ON MINISTERS OF MINES, TRADE, INDUSTRY AND MINISTER OF STATE FOR ECONOMIC CONFIDENTIAL

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FINANCIAL, AND INDUSTRIAL AFFAIRS DURING COURSE OF FIVE-DAY

VISIT IN INDONESIA. TRADE MINISTER RADIUS PRAWIRO TOLD REPORTERS THAT VIETNAMESE EXPRESSED DESIRE TO INCREASE TRADE RELATIONS WITH NEIGHBORING COUNTRIES AND WERE SEEKING SUPPLIES OF GOODS NEEDED FOR NATIONAL DEVELOPMENT SUCH AS CONSTRUCTION MATERIALS AND FERTILIZERS. HE NOTED THAT VIETNAMESE PLANS FOR EXPANDED AGRICULTURAL PRODUCTION WILL REQUIRE SIZEABLE INPUT OF UREA AND OTHER FERTILIZERS, SOME OF WHICH INDONESIA COULD SUPPLY. PHAN HIEN REPORTEDLY TOLD MINISTER OF MINES SADLI THAT VIETNAM IS INTERESTED IN LEARNING FROM INDONESIA'S EXPERIENCE IN PETRO-CHEMICAL INDUSTRY. VIETNAM WILL REPORTEDLY SEND A FOLLOW-UP DELEGATION TO DISCUSS TECHNICAL COOPERATION AND TRADE, AND THE EXTENT AND FORM OF THIS RELATIONSHIP WILL BE DECIDED LATER BY THE TWO GOVERNMENTS.

- 3. PHAN HIEN VISITED A CRUMB RUBBER FACTORY, A FERTILIZER PLANT AND A SAW MILL AT PALEMBANG IN SOUTH SUMATRA JULY 17. PRIOR TO DEPARTING JAKARTA JULY 20 PHAN HIEN CALLED ON PRESIDENT SUHARTO AND CONVEYED SPECIAL MESSAGE FROM PRESIDENT OF VIETNAM. HE LATER TOLD REPORTERS THAT VIETNAM AND INDONESIA ARE NEIGHBORS AND SHARED CLOSE FRIENDSHIP.
- 4. IN DEPARTURE STATEMENT, PHAN HIEN SAID VIETNAM DID NOT PLAN TO EXPORT REVOLUTION TO OTHER COUNTRIES IN SOUTHEAST ASIA, BUT PREFERRED TO EXPORT RICE, TIMBER AND COAL. HE SAID VISIT TO INDONESIA HAD BEEN VERY SUCCESSFUL, HE HAD ENJOYED FRANK EXCHANGE OF VIEWS WITH PRESIDENT SUHARTO, AND TALKS WITH FONMIN MALIK HAD BEEN FRUITFUL. HE SAID INDONESIA AND VIETNAM HAD AGREED TO EXCHANGE TECHNICAL COOPERATION, AND HE HAD BEEN ASSURED BY MALIK THAT FUTURE VIETNAMESE DELEGATIONS WOULD BE WELCOME. HE COMMENTED THAT COOPERATION WAS POSSIBLE IN MANY FIELDS, PAR-TICULARLY AGRICULTURE AND THE OIL INDUSTRY, PHAN HIEN DECLARED THAT DURING HIS VISIT TO ASEAN COUNTRIES MALAYSIA, PHILIPPINES, SINGAPORE AND INDONESIA, HE HAD BEEN CONVINCED THAT ASEAN WAS NO MILITARY PACT AND WAS NOT USED AS BASE FOR FOREIGN MILITARY OPERATIONS BUT WAS REALLY NEUTRAL. ASKED BY ONE REPORTER TO COMMENT ON SPRATLY ISLANDS, PHAN HIEN NOTED THAT HANOI-PRODUCED MAPS ALREADY IN CIRCULATIONS THOSE ISLANDS ARE SHOWN AS VIETNAMESE TERRITORY.
- 5. PRESS COVERAGE OF VISIT WAS EXTENSIVE, WITH CONSIDERABLE CONFIDENTIAL.

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FRONT PAGE SPACE. EDITORIALS GENERALLY APPROVED CLOSER RELATIONS WITH VIETNAM AND ENDORSED INDONESIAN ASSISTANCE TO VIETNAM ECONOMIC REHABILITATION. HOWEVER, NOTE OF CAUTION WAS SOUNDED BY KOMPAS WHICH STATED JULY 16 THAT THERE IS CONCERN AMONG ASEAN COUNTRIES THAT VIETNAM HAS IDEOLOGY WHICH BY NATURE IS EXPANSIVE. IT WELCOMED VISIT OF PHAN HIEN AS SIGN OF CHANGING VIETNAMESE ATTITUDES, BUT OBSERVED THAT VIETNAM MUST SHOW THAT IT IS NOT INVOLVED IN ESCALATION OF

COMMUNIST ACTIVITIES IN ASEAN COUNTRIES. LEFTIST-NATIONALIST MERDEKA SAID JULY 19 THAT VISIT SHOWS THAT DIFFERENT SOCIAL SYSTEMS AND IDEOLOGIES ARE NO HINDRANCE TO COOPERATION, PROVIDED THERE IS A WILL. VIETNAM AND INDONESIA WERE TWO IMPORTANT FORCES IN SOUTHEAST ASIA, IT SAID, AND RELATIONS BETWEEN THEM CAN BE BAROMETER OF OVERALL RELATIONSHIP IN THE REGION. SINAR HARAPAN SUPPORTED INDONESIA'S AID TO VIETNAM, STATING THAT AS A NEIGHBORING COUNTRY IN SOUTHEAST ASIA INDONESIA HAS MORAL OBLIGATION TO ASSIST VIETNAM IN DEVELOPING. ENGLISH LANGUAGE INDONESIAN TIMES SAID INDONESIAN IS CERTAIN TO HELP VIETNAMESE PEOPLE RECONSTRUCT THEIR WAR-DEVASTATED COUNTRY, AND ALL ASEAN CAPABILITIES SHOULD BE MOBILIZED TO SUPPORT VIETNAMESE REHABILITATION.

6. COMMENT: APPARENT THRUST OF VIETNAMESE VISIT WAS REASSURANCE TO INDONESIANA THAT VIETNAM DOES NOT CONSTITUTE SUBVERSIVE THREAT. ON THE SURFACE, GOI LEADERS ACCEPTED VIETNAMESE DENIALS THAT THEY WOULD EXPORT REVOLUTION AND MADE APPROPRIATE POLITE RESPONSES, BUT THEIR BASIC SUSPICIONS OF VIETNAM'S MOTIVES WILL NOT BE THT LIGHTLY OVERCOME. MOST OF THE VISIT FOCUSSED ON TECHNICAL COOPERATION AND TRADE, BUT EVEN IN THESE FIELDS THE BASIC RELATIONSHIP BETWEEN THE TWO COUNTRIES IS NOT LIKELY TO UNDERGO ANY DRASTIC CHANGE IN NEAR FUTURE.

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